

**Exhibit B**

Shanshan Cao - March 4, 2020

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1	IN THE UNITED STATES DISTRICT COURT		
2	FOR THE DISTRICT OF PUERTO RICO		
3			
4	<hr/>		
5	In Re:	)	
6	THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD	)	PROMESA TITLE III
7	FOR PUERTO RICO	)	Case No.
8	as representative of	)	17-BK-03283 (LTS)
9	THE COMMONWEALTH OF PUERTO RICO, et. al,	)	
10	Debtors.	)	
11	<hr/>	)	
12	In Re:	)	
13	THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD	)	PROMESA Title III
14	FOR PUERTO RICO	)	Case No.
15	as representative of	)	17-BK-03566 (LTS)
16	THE EMPLOYEES RETIREMENT SYSTEM OF THE	)	
17	GOVERNMENT OF THE COMMONWEALTH OF PUERTO RICO,	)	
18	Debtor.	)	
19		)	

20

21 C O N F I D E N T I A L  
22 Videotaped Deposition of Shanshan Cao

23

24       Reported by:

25       LORRAINE B. ABATE, CSR, RPR

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2 bonds for the first time?

3 A. Because we did not think it was a risk,  
4 correct.

5 Q. Did John say anything about whether it  
6 had been -- the validity of bonds had been considered  
7 at the time SV Credit was going to purchase ERS bonds  
8 for the first time?

9 A. So I did not ask him if he had  
10 considered it. I asked him if he recalled he had  
11 concerns about the authority to issue, and his  
12 response was to the best of his recollection, no.

13 Q. And John did not -- well, let me ask it  
14 this way. Actually, never mind. Okay.

15 Looking at Steve, you also spoke with  
16 him. Did you ask Steve whether he had considered  
17 whether the validity of the ERS bonds was an issue at  
18 the time SV Credit initially purchased the bonds?

19 A. So again, same as with Jonathan. I did  
20 not ask him if that was a specific risk that he  
21 considered. I did ask him if he was -- he recalled  
22 any concerns about ERS's ability to authorize the  
23 issuance of the bonds, and again, to the best of his  
24 recollection, he was not concerned with that issue.

25 Q. Do you recall when SV Credit first

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2 learned or heard of the argument that the ERS bonds  
3 were not validly issued?

4 MS. McGONIGLE: And I'll just caution  
5 you not to disclose privileged communications in  
6 your response.

7 THE WITNESS: So public pleadings are  
8 okay?

9 A. Public pleadings are okay?

10 Q. We can start with that. Do you recall  
11 when SV Credit first heard the argument the ERS bonds  
12 were invalid in a public pleading?

13 A. I don't recall the specific time frame,  
14 but we had first focused on the issue of ERS's  
15 authority to issue the bonds with respect to these  
16 specific ultra vires arguments when the actual  
17 litigation commenced.

18 Q. When you say when the actual litigation  
19 commenced, what do you mean?

20 A. I guess when there were legal pleadings  
21 filed.

22 MR. BASSETT: I'm sorry to interrupt,  
23 but I just want to note an objection for the  
24 record to the instruction on privilege grounds  
25 to the extent the witness is excluding from her

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2 answer any communications from counsel that made  
3 SV Credit aware of any issue concerning the  
4 validity of the ERS bonds.

5 We think that is an inappropriate  
6 instruction and reserve all rights.

7 MR. DALSEN: Okay. Well, I will join  
8 the objection, but I'll also just continue the  
9 questions. We can get there.

10 Q. Was SV Credit aware of a pleading AAFAF  
11 filed in 2017 asserting that the ERS bonds were not  
12 validly issued?

13 A. To the best of my knowledge, yes. I  
14 don't recall the specific dates, so I assume that is  
15 the correct date.

16 Q. Did SV Credit become aware of that  
17 public pleading at the time it was filed?

18 A. Again, to the best of my knowledge, yes.

19 Q. Putting aside publicly-available  
20 information, when did SV Credit first hear the  
21 argument that the ERS bonds may be invalidly issued?

22 MS. McGONIGLE: And I will repeat my  
23 caution to the witness not to disclose  
24 privileged information.

25 A. I have nothing to add other than what I

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2 just said in response to your earlier question.

3 Q. And when you say that you have nothing  
4 to add, are you excluding from your answer  
5 information that you believe to be privileged?

6 MS. McGONIGLE: I'm going to object to  
7 that as well. You know, answering that question  
8 would require the witness to indicate whether --  
9 to indicate whether she -- the substance of a  
10 request for advice from counsel. And therefore,  
11 it is privileged.

12 Q. Are you withholding any information in  
13 your answer to my question?

14 MS. McGONIGLE: Same objection. She has  
15 already told you that she has nothing to add in  
16 light of the caution not to disclose privileged  
17 information. Answering yes or no to that  
18 question would again, require her to disclose  
19 the substance of a request for advice from  
20 counsel.

21 MR. DALSEN: Okay. So let's just set it  
22 this way, because I want the instruction on the  
23 record.

24 Q. So Ms. Cao, I'm going to ask you when  
25 you say that you have nothing to add to your

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2 response, are you excluding from your answer to me  
3 information that you believe to be privileged, yes or  
4 no?  
5 (DIR)

6 MS. McGONIGLE: And again, I will  
7 instruct the witness not to answer because the  
8 question is essentially, whether or not SV  
9 Credit sought or received advice from counsel  
10 concerning the validity of the bonds, and that  
11 answering that question would require disclosure  
12 of the substance of a request or advice from  
13 counsel.

14 MR. DALSEN: And Ms. --

15 Q. First of all, will you follow your  
16 counsel's instruction?

17 A. Yes.

18 Q. Okay. Ms. Cao, yes or no, do you recall  
19 when, if at all, SV Credit, through any means, first  
20 heard the argument that the ERS bonds were invalidly  
21 issued?

22 MS. McGONIGLE: And same caution. I  
23 advise the witness not to disclose privileged  
24 communications.

25 A. So again, the same answer as before.

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2 There were public pleadings that were filed that  
3 specifically made allegations about ERS's authority  
4 to issue bonds.

5 Q. Ms. Cao, do you recall when -- this is a  
6 yes or no question.

7 Ms. Cao, do you recall when SV Credit  
8 first heard the argument that the ERS bonds may be  
9 invalid prior to any public pleading that you are  
10 referring to?

11 MS. McGONIGLE: And again, same caution.  
12 I advise the witness not to disclose privileged  
13 communications.

14 A. Then I have nothing to add.

15 Q. And Ms. Cao, are you withholding  
16 information on the basis of your counsel's caution in  
17 response to my question?

18 MS. McGONIGLE: Same objection.

19 A. I have nothing to add.

20 Q. Ms. Cao, did SV Credit hear the argument  
21 that the ERS bonds may be illegally issued or invalid  
22 prior to the beginning of the ERS Title III case?

23 MS. McGONIGLE: Same objection. I'll  
24 caution the witness not to disclose advice from  
25 counsel.



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2 A. So do you mind reminding me when the  
3 Title III filing was.

4 Q. May 21st, 2017.

5 A. And the AAFAF complaint?

6 Q. The AAFAF pleading I was referring to  
7 earlier was I believe from November of 2017.

8 A. So I have nothing to add.

9 Q. And Ms. Cao, are you withholding  
10 information in response to the question I just asked  
11 you on the basis of your counsel's caution or  
12 instruction?

13 (DIR)

14 MS. McGONIGLE: And again, same  
15 objection. Answering that question would  
16 require the witness to reveal the substance of a  
17 request for advice from counsel if there was  
18 one, so I instruct the witness not to answer.

19 Q. And are you going to follow your  
20 counsel's instruction, Ms. Cao?

21 A. Yes.

22 Q. Okay. Ms. Cao, did SV Credit hear the  
23 argument that the ERS bonds may be illegally issued  
24 or invalid prior to any of its purchases of ERS  
25 bonds?

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2 MS. McGONIGLE: And same caution that I  
3 have given before, I caution you not to disclose  
4 privileged communications.

5 A. I have nothing to add.

6 Q. And Ms. Cao, are you withholding  
7 information in response to my question on the basis  
8 of your counsel's instruction?

9 (DIR)

10 MS. McGONIGLE: Same instruction as I've  
11 given. I instruct the witness not to answer  
12 because it would require disclosing substance of  
13 a request for advice from counsel, if there was  
14 such a request.

15 Q. And are you going to follow your  
16 counsel's instruction?

17 A. Yes.

18 Q. Ms. Cao, do you recall -- let me ask it  
19 differently.

20 Ms. Cao, for SV Credit, do you recall  
21 whether SV Credit first heard the argument that the  
22 ERS bonds may be invalidly issued or illegally issued  
23 prior to 2015?

24 MS. McGONIGLE: Same caution about not  
25 disclosing advice from counsel, but you can

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2 answer.

3 A. I don't recall, and I have nothing to  
4 add.

5 Q. Ms. Cao, are you withholding from your  
6 response to my question any information on the basis  
7 of your counsel's instruction?  
8 (DIR)

9 MS. McGONIGLE: Same objection as I've  
10 been giving as to the disclosure of the  
11 request -- of the substance of the -- just from  
12 counsel, if there was such a request, and I'll  
13 instruct you not to answer.

14 Q. And will you follow that instruction?

15 A. Yes.

16 Q. Ms. Cao, did SV Credit first hear the  
17 argument that the ERS bonds may be illegally issued  
18 or invalid at any point in 2014 or before 2014?

19 MS. McGONIGLE: And same caution. I  
20 caution you not to disclose privileged  
21 communications, but if you have other  
22 information, you may provide it.

23 A. I have nothing to add.

24 Q. And Ms. Cao, are you withholding from  
25 your response to my question any information on the

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2 basis of your client's — or sorry, on the basis of  
3 your counsel's instruction?

4 (DIR)

5 MS. McGONIGLE: And same privilege  
6 objection. I'll instruct you not to answer.

7 Q. Are you going to follow that  
8 instruction?

9 A. Yes.

10 Q. Okay. Ms. Cao, in preparing for today's  
11 deposition, you mentioned you had reviewed a 2011  
12 statement.

13 Do you remember that?

14 A. Yes.

15 Q. Do you remember what that statute was?

16 A. I don't recall the specifics, but it was  
17 a statute that made certain amendments to the ERS  
18 enabling act.

19 Q. And is it your understanding that  
20 statute had been passed in the year 2011?

21 A. Given the date, I would assume so, but I  
22 don't know for sure.

23 Q. When did you first see that 2011  
24 statute?

25 A. I don't recall.

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2 considered to make subsequent purchases of ERS bonds?

3 A. I don't recall specifically. Again, our  
4 general practice is to review updated available  
5 information. So it would have been similar to the  
6 public documents that we referenced last time. So  
7 updated financial statements, for example, come to  
8 mind.

9 Q. I guess I'll ask yes or no, did SV  
10 Credit seek the advice of outside legal counsel to  
11 evaluate those subsequent purchases of ERS bonds?

12 A. Again, I don't recall the specific time  
13 frame in which we started having conversations with  
14 Jones Day, but we did have discussions with Jones Day  
15 and Kirkland around some of the issues.

16 MS. McGONIGLE: And I'll just remind you  
17 not to disclose the substance of those  
18 discussions.

19 Q. Ahead of those subsequent purchases, did  
20 you specifically discuss the issue of whether the ERS  
21 bonds had been validly issued with your outside legal  
22 counsel?

23 (DIR)

24 MS. McGONIGLE: Objection, and instruct  
25 the witness not to answer as any response would

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2 disclose the content of a request for advice  
3 from counsel, if a request was made.

4 Q. Will you follow your counsel's  
5 instruction?

6 A. Yes.

7 Q. Okay. Did SV Credit in those --  
8 actually, let me ask it this way; for the initial  
9 purchase and the subsequent purchases, all of the  
10 purchases of ERS bonds that SV Credit made, were  
11 those purchases made in the open market?

12 A. Again, not my area of expertise. That's  
13 more the trader.

14 Q. So sitting here today, you don't know  
15 one way or the other?

16 A. I don't know the specifics of how he  
17 executed the trades, no.

18 Q. Do you know what a sale in the open  
19 market means?

20 A. I have a general appreciation for it,  
21 yes.

22 Q. What do you generally appreciate it to  
23 mean?

24 A. It's an order that a trader would place  
25 with a desk to buy or sell.